Summary/Analysis
Of the
TDA Farebox Ratio Survey

Presented by:
Transportation Development Act Working Group

Background

The issue of farebox recovery ratio is one of many topics discussed at the Transportation Development Act Working Group (TDAWG) meetings. Of all the various topics discussed, it is certainly one that generates great interest.

In the course of the above-mentioned discussions many concerns were expressed from various agencies across the state with unique circumstances and challenges. However, there was little data available that could confirm or identify to what extent the issue of farebox recovery ratio is a problem. The TDAWG concluded that a survey was needed to determine if, in fact, a problem with the farebox recovery ratio exist. If there is a problem, then to what extent does it adversely impact agencies to deliver services, or does the farebox recovery ratio as defined in TDA law unfairly impact a specific class of jurisdictions or transit providers?

The TDAWG developed and distributed the TDA Farebox Survey in April of 2005. This document is the summary and analysis report of that survey.

Overview

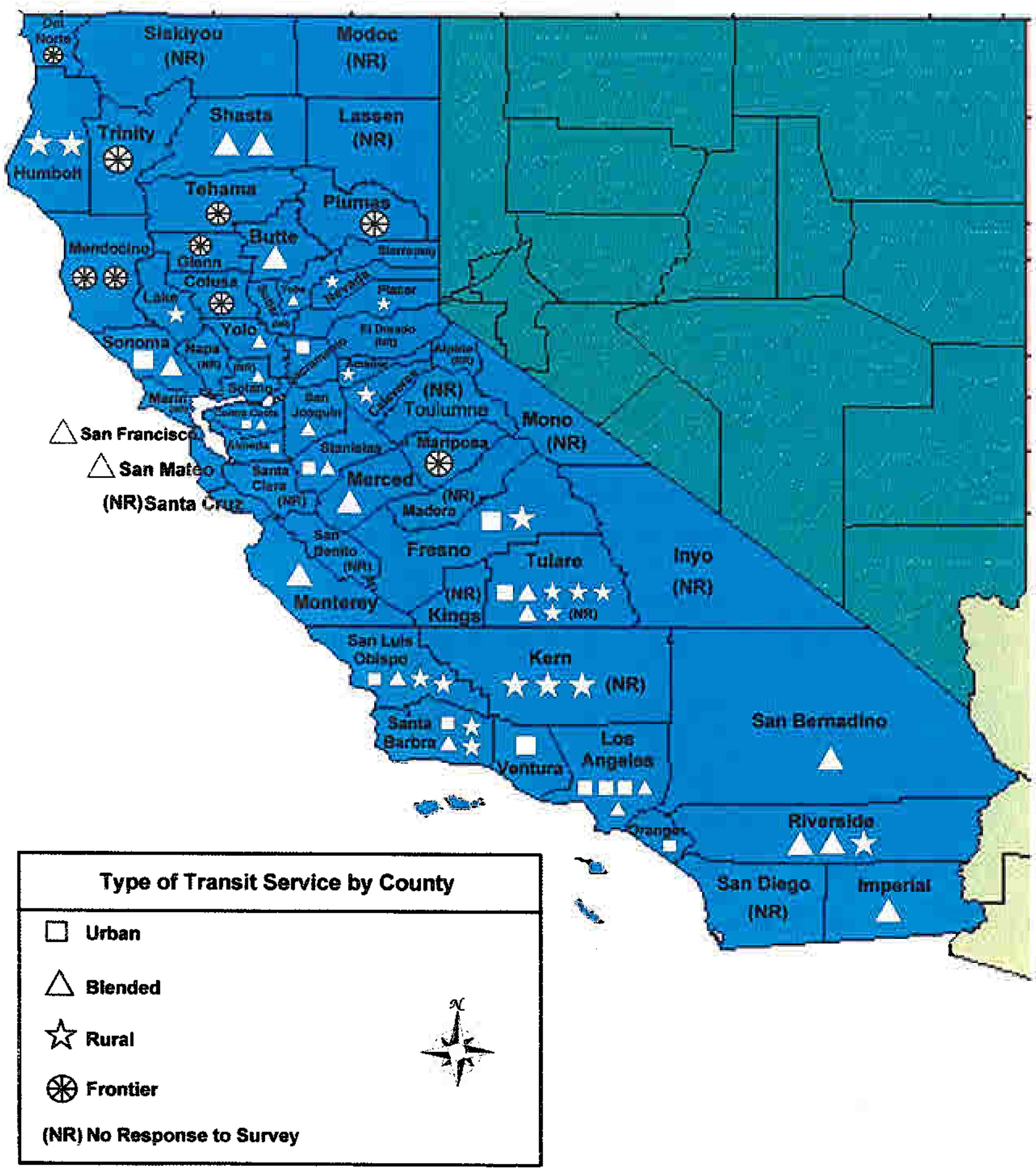
A total of 312 agencies were solicited to participate in the survey. Of the 312 solicited agencies, 81 responded representing a 26% response rate.

Some of the respondents (8) chose not to identify themselves but their responses were still tallied .The first part of the survey queried the participants under what article did they file a claim for TDA funds. This section was followed by five questions, the last one asking participants to comment on the issue of farebox recovery ratio or about TDA in general. For each question there was always some of the 81 respondents who for various unknown reasons did not answer the question. The percentages of response for each question reflect the percentages of the total of who responded to the question, not the percentage of the total 81 respondents.

Diversity and Range of the Respondents

This survey did not target one specific type of service area or type of operations, but included diverse types of operations and service areas. The respondents were asked to classify themselves not based on what kind of county (urban or rural) they might be located in but rather the type of service area they provide service to. Some respondents may have been located in a county that the TDA law may classify as urban, but their specific service area is rural. In this way the survey is able to capture the unique challenges of attaining fare box ratio recovery by type of operation and/or type of service area. This can potentially identify perennial difficulties in meeting fare box ratio based on the unique challenges operators face because of the geography or demographics of their service area. Or, are certain types of services inherently disadvantaged trying to attain fare box ratio recovery compliance?

TDA Branch Transit Survey Responses by County



Section 1

Under what article does the above-mentioned agency file under when requesting TDA funding?

There are primarily three articles under which a claimant may file a claim for TDA funding; Article 4, Article 4.5, and Article 8.

Article 4: This article is basically for the support of public transportation systems, public transportation research and/or grade separation projects. Claims may also be filed under this article to contract common carriers to provide transportation services during peak hours.

Article 4.5: This article is for the support of community transit services, including services to those who cannot use public transportation i.e. disabled individuals. Community transit services are defined as services which link origins and destinations within the community.

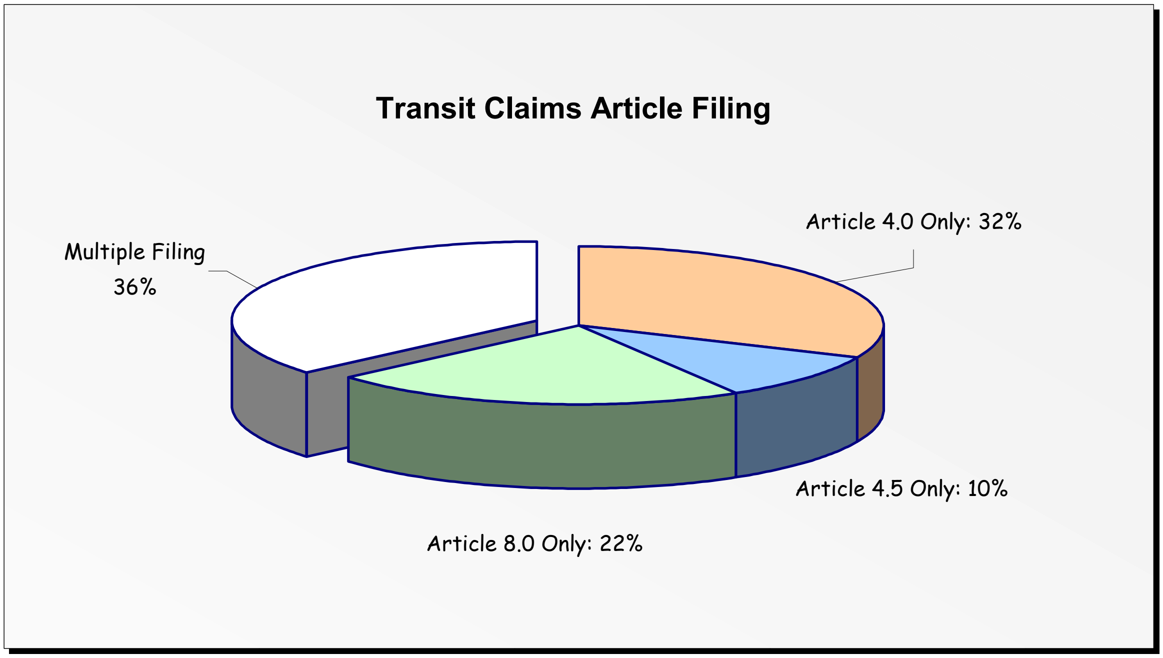
Article 8: Funding to claimants under this article can be used for payments to entities under contract to provide public transportation. Article 8 also provides payments to counties, cities and transit districts to fund administrative and planning cost with respect to transportation services. This article also allows funding for local streets and roads, passenger rail services, capital improvements and purchases of vehicles and related equipment.

Generally, Article 4 is utilized in the larger, urban regions and Article 8 is generally utilized by the more rural regions. The following pages are charts that show the mix of the participants as far as what article they file under.

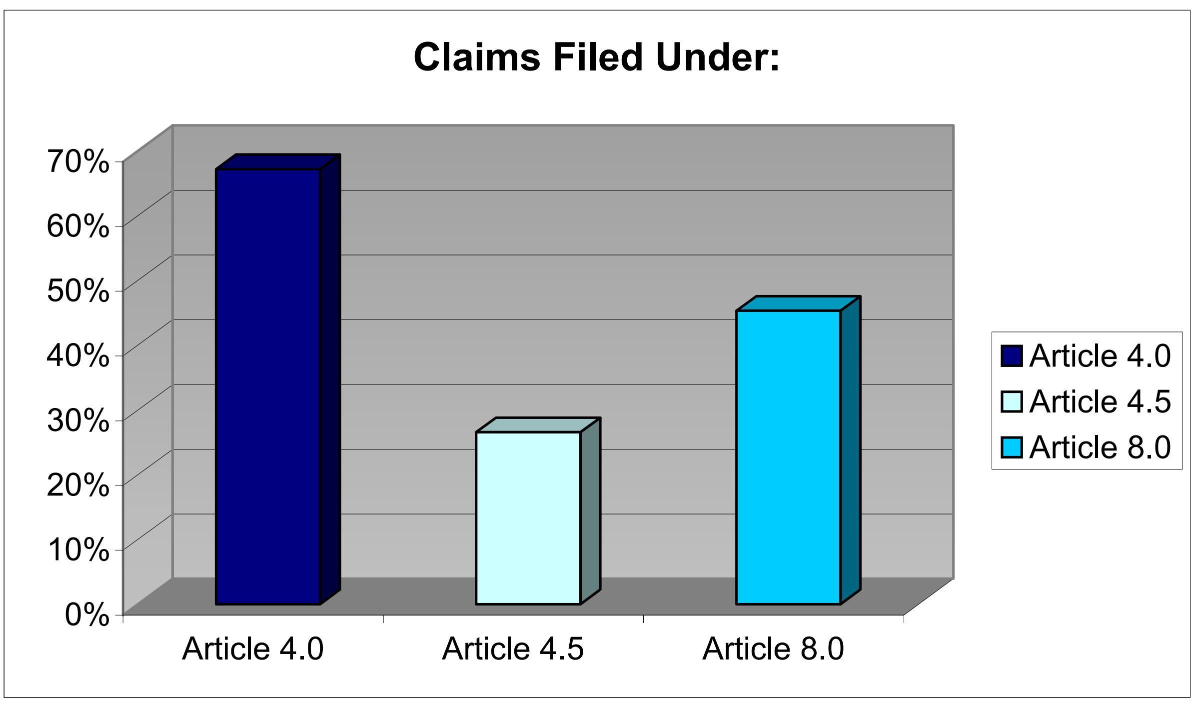
This chart shows the percentage of participants who file exclusively under one article versus the percentage of the participants who file under multiple articles.

Article 4.0 Only:	31%
Article 4.5 Only:	9%
Article 8.0 Only:	22%
Multiple Article Filing:	36%

This graph illustrates the portions of multiple filings vs. those agencies that file only under one article.



This second chart shows what percentage of the participants file under each article.



Nearly 70% of the respondents file under Article 4, nearly half file under Article 8 and over one-quarter files under Article 4.5. This shows that among all participants in this survey there is representation for each category (article).

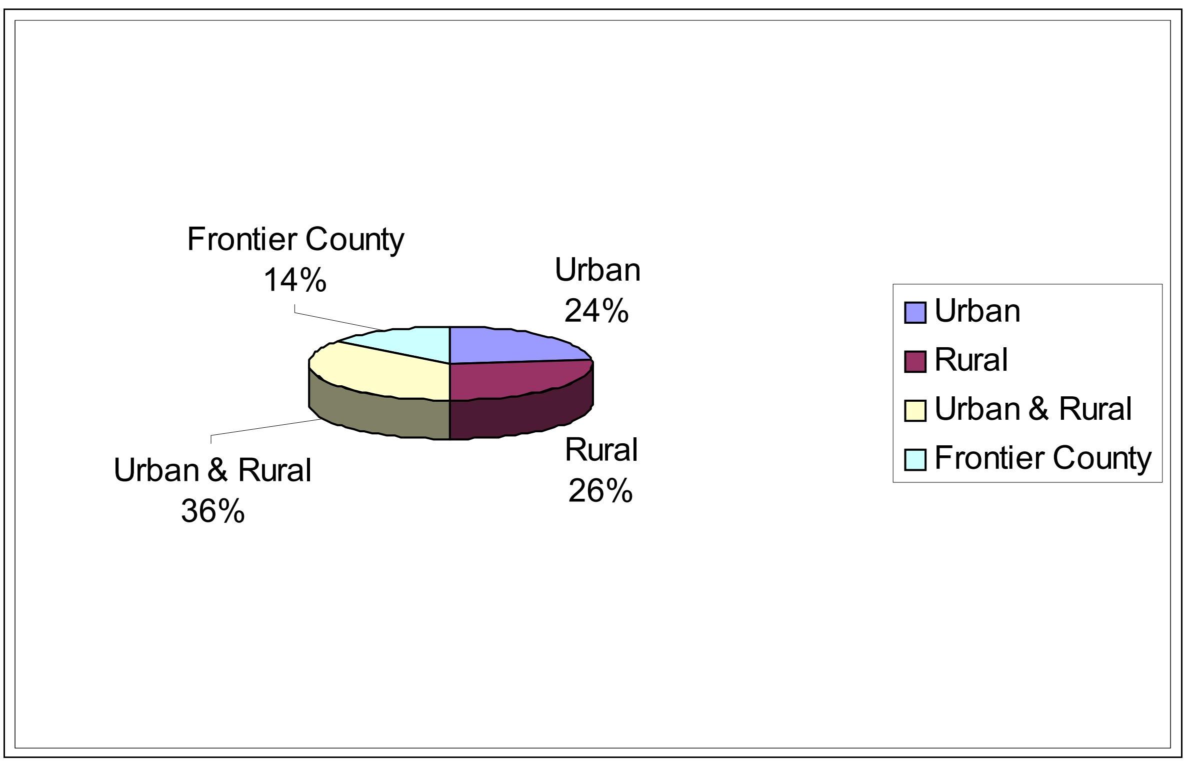
Question #1
Type of Geographical Area Served

The purpose of this question was to classify the geographical area served by each participant. The four categories are: Urban, Rural, Blended (both urban and rural), and Frontier. These distinctions are necessary in the attempt to determine if difficulties or concerns with fare box ratio recovery (FBRR) are 'across the board' regardless of service area or is the problem mainly with entities providing services to a specific type of service area with unique challenges. An urban area is defined in TDA law as an incorporated place with an adjacent densely settled surrounding area that together have a minimum population of 50,000. Rural areas can be defined as those areas outside of a defined urban area. The US Census Bureau classifies frontier counties as having a population density of less than 7 persons per square mile.

The following numbers shows representation for each type of service area that approximates the statewide mix.

Urban	Rural	Urban & Rural	Frontier County
18	20	27	11
24%	26%	36%	14%

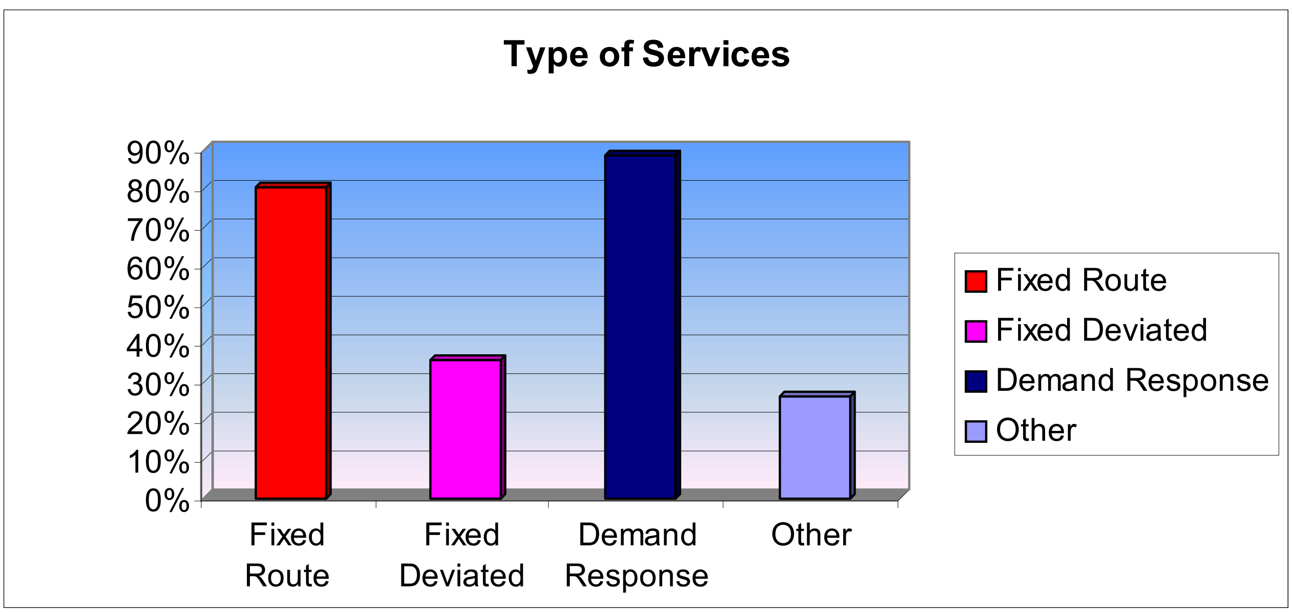
This chart illustrates the portions of each service area type among the survey's participants.



Question #2
Which Type of Service Does Your Agency Operate/Oversee?

This question identifies the types of services provided by the respondents. This analysis further breaks down the data and identifies the types of service provided by agencies whose service area is either urban, rural, blended, or frontier. The goal is to see if the fare box recovery ratio (FBRR) is problematic with specific types of services as well as the nature of the service area. An urbanized area is comprised of an incorporated place surrounded by dense population, that together have a minimum population of 50,000. Rural areas are those areas outside of an urbanized area. Frontier areas are in those counties having less than 7 persons per square mile.
The first chart breaks down the percentages for each type of service provided by the respondents. Many of the respondents provide more than one service.

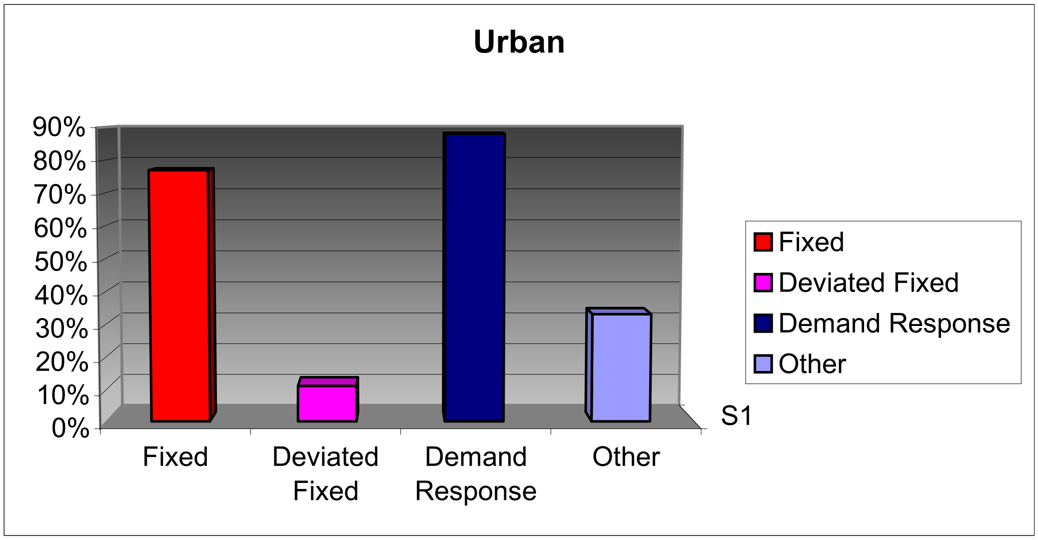
	Fixed Route	Fixed Deviated	Demand Response	Other
Number of Responses	61	27	67	20
Percentage of Total Responses	80%	36%	88%	26%



The following pages charts, by types of service areas, the percentages of the kinds of transportation services provided by each type of service area.

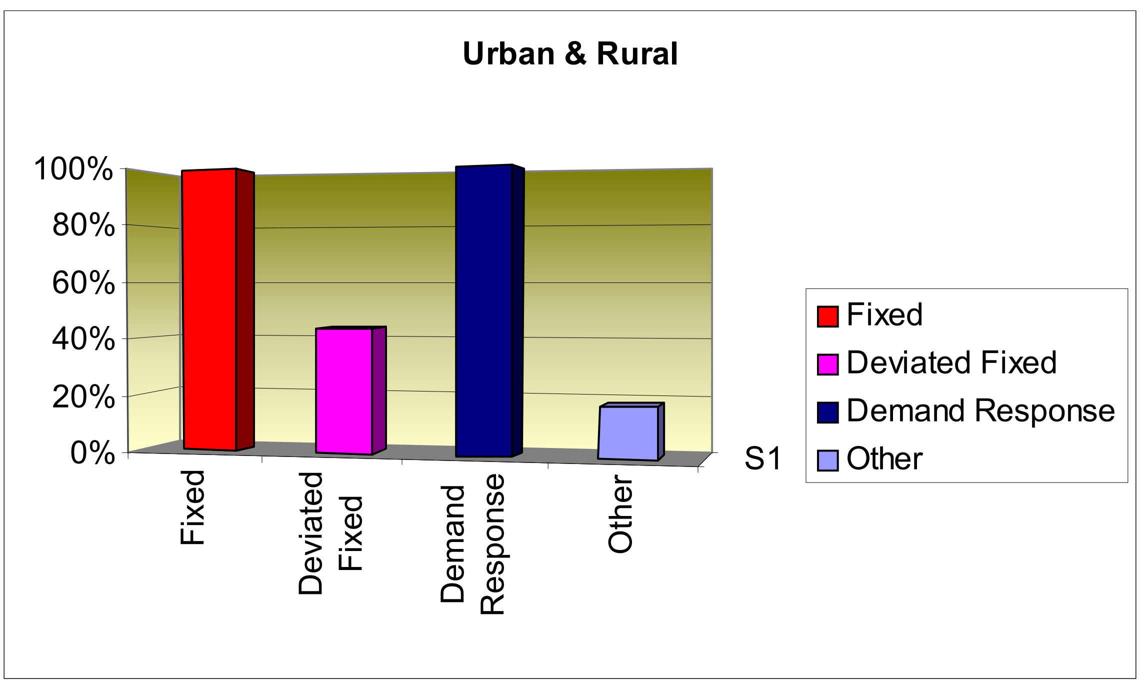
Urban:

Fixed	Deviated Fixed	Demand Response	Other
77%	11%	88%	33%



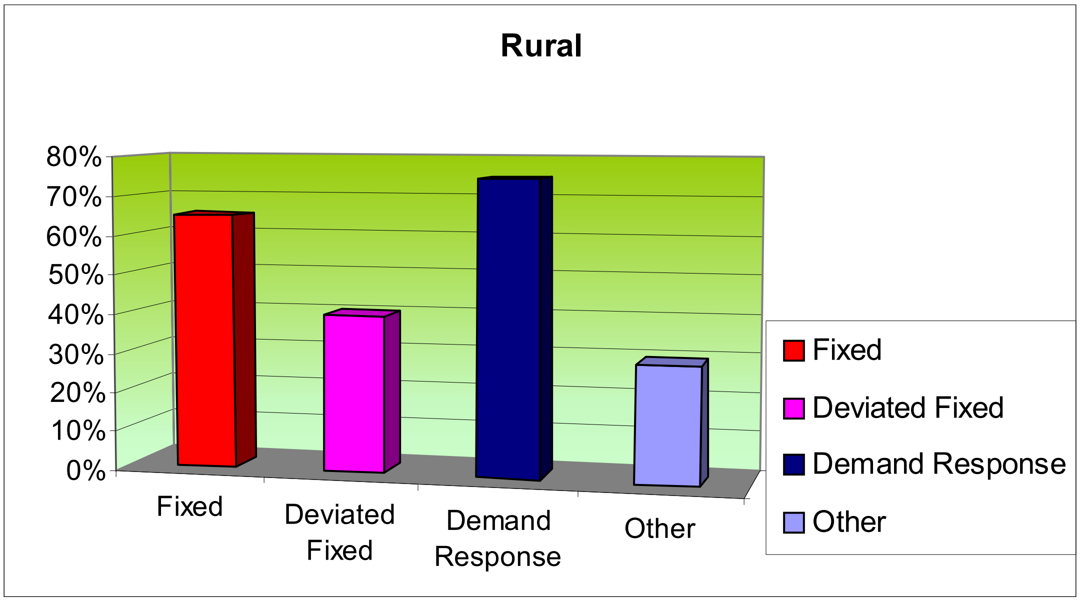
Blended:

Fixed	Deviated Fixed	Demand Response	Other
100%	44%	100%	18%



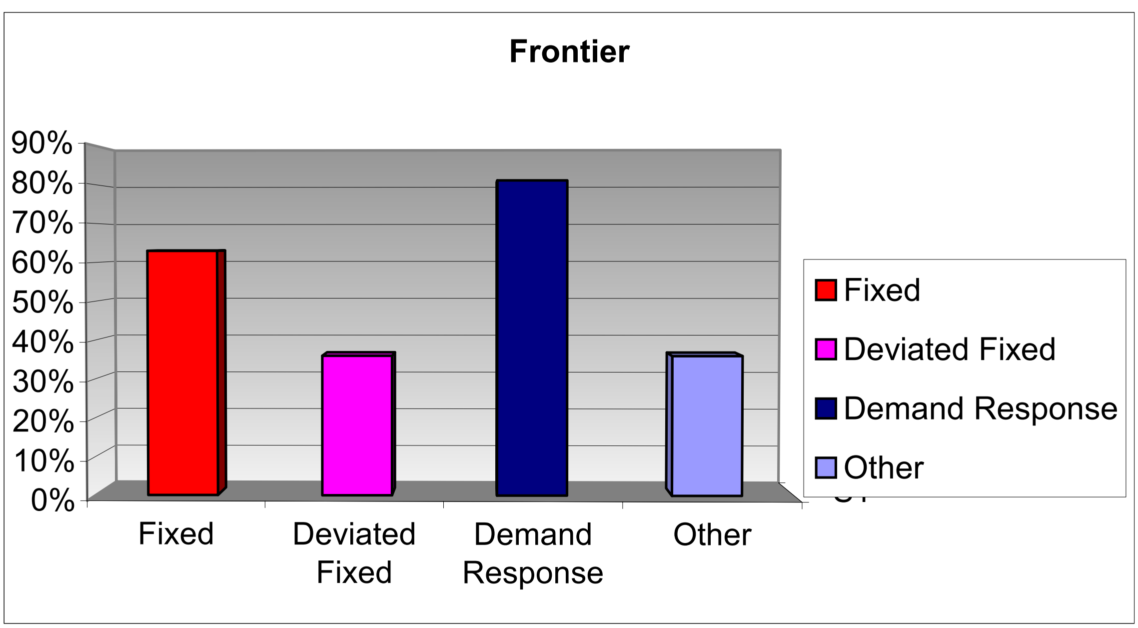
Rural:

Fixed	Deviated Fixed	Demand Response	Other
65%	40%	75%	30%



Frontier:

Fixed	Deviated Fixed	Demand Response	Other
63%	36%	81%	36%

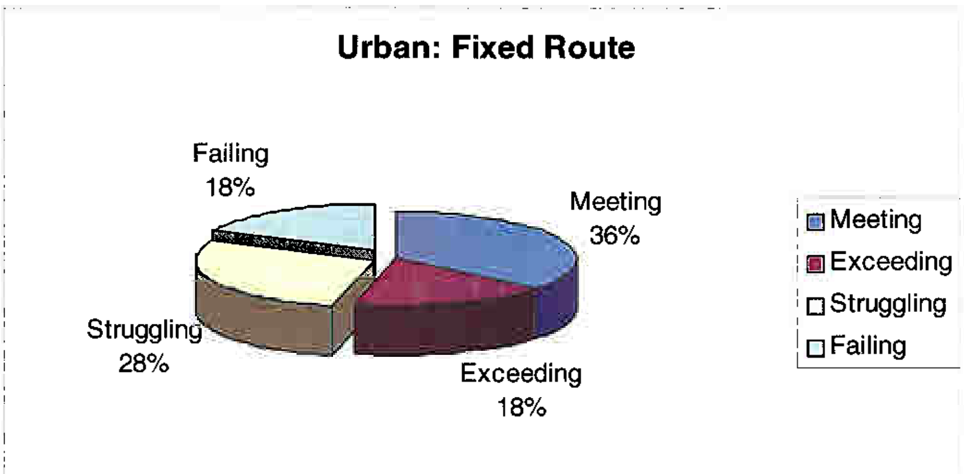


Question #3
Status of Farebox Recovery Ratio for Services Provided

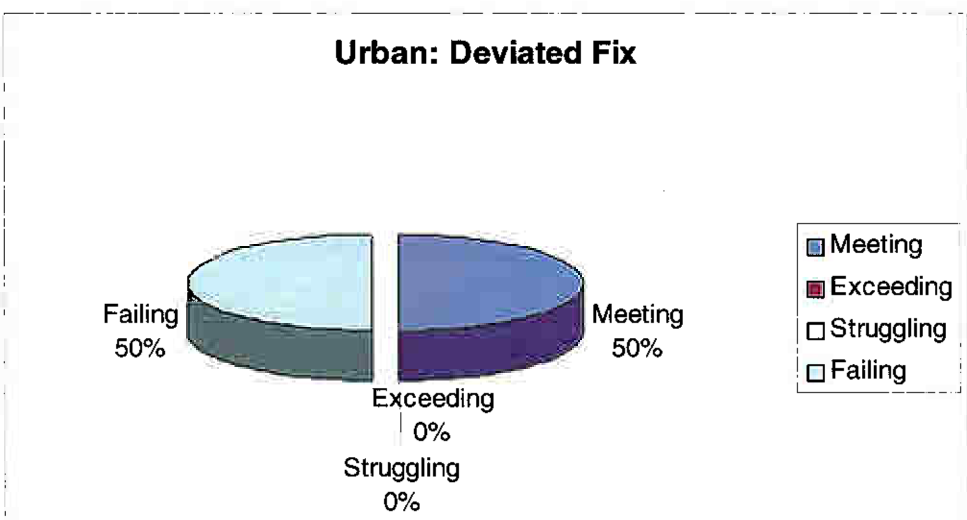
The respondents were asked to identify their farebox recovery status as either 1) Meeting farebox, 2) Exceeding farebox, 3) Struggling to meet farebox, or, 4) Failing to meet farebox. The respondents were then grouped into what type of area they serviced (question #1). Then, for each type of service they provided (question #2) the status of the Fare Box Recovery Ratio (FBRR) was displayed by a percentage to show, to what degree, the different types of service areas and types of services provided are struggling with FBRR. Following is a summary of the results.

<u>Urban</u>: It seems a little over half (54%) of fixed routes are doing fine. The other two categories, deviated fixed and demand response, half (50%) are making or exceeding. This means that at least half of the urban agencies are having difficulties with the FBRR.

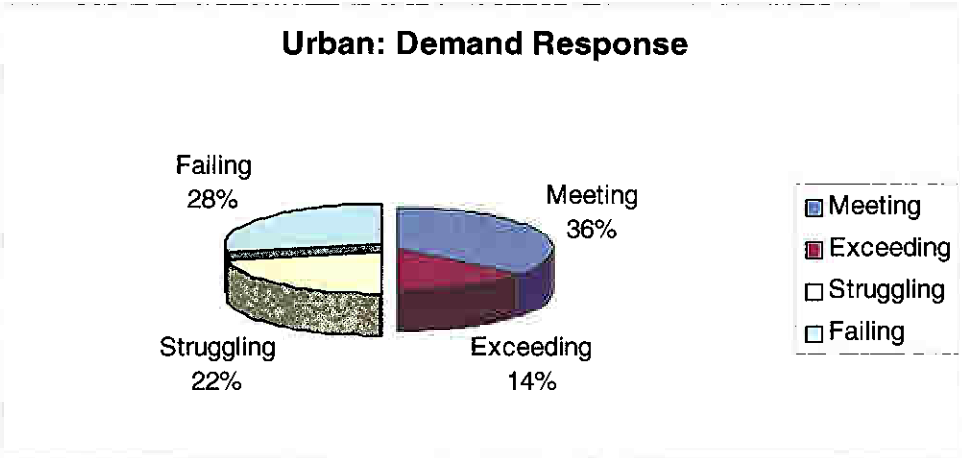
Fixed Route:



Deviated Fixed:

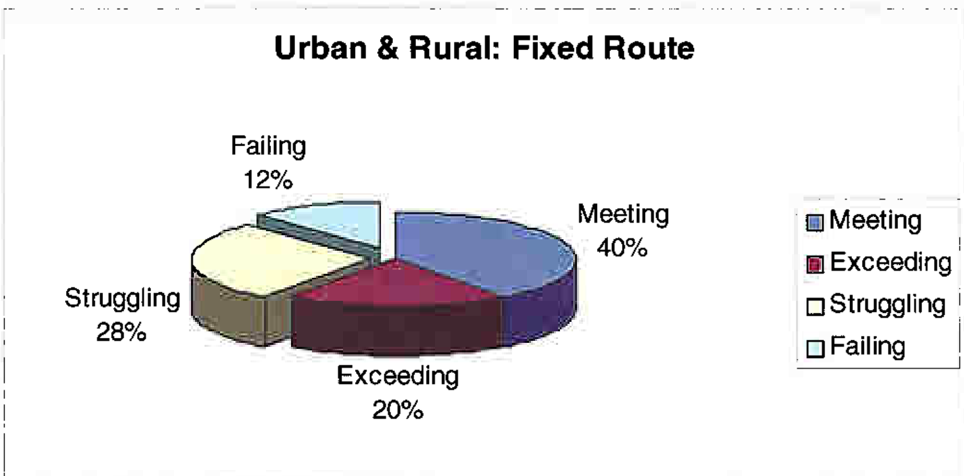


Demand Response:

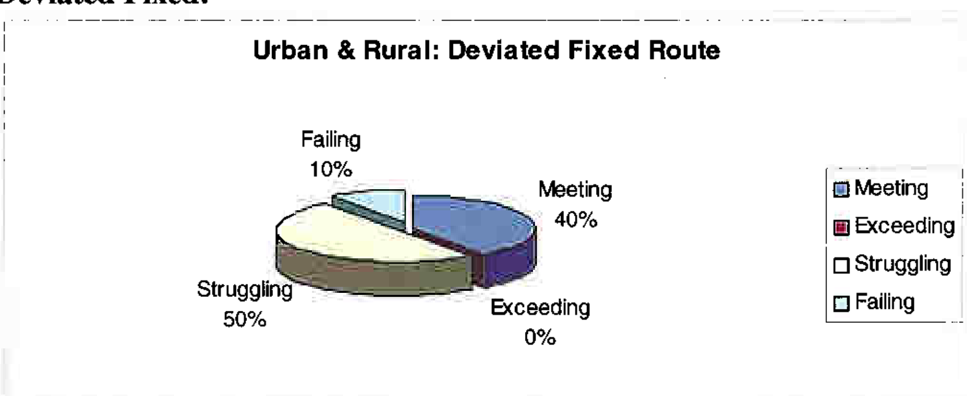


<u>Blended</u>: We get mixed results here. On fixed route 60% of agencies in this category are doing well, where the reverse is true for deviated fixed (60% either failing or struggling). With demand response over 70% find FBRR a problem.

Fixed Route:

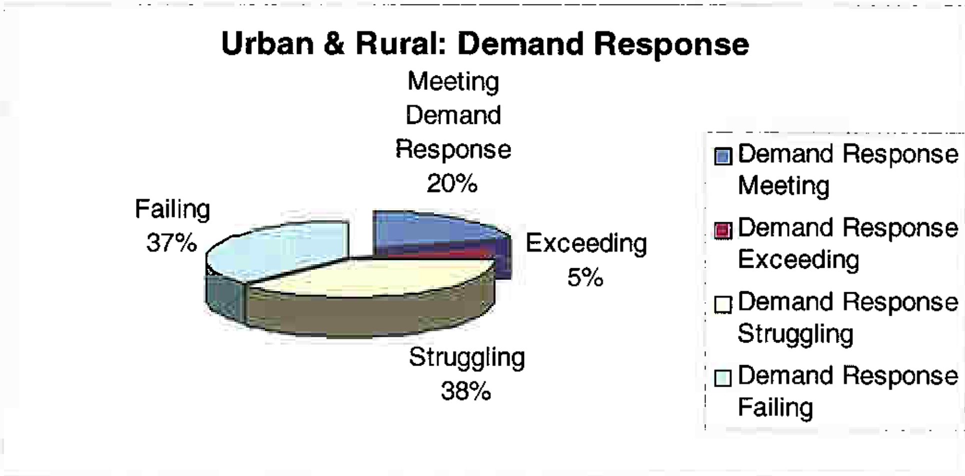


Deviated Fixed:



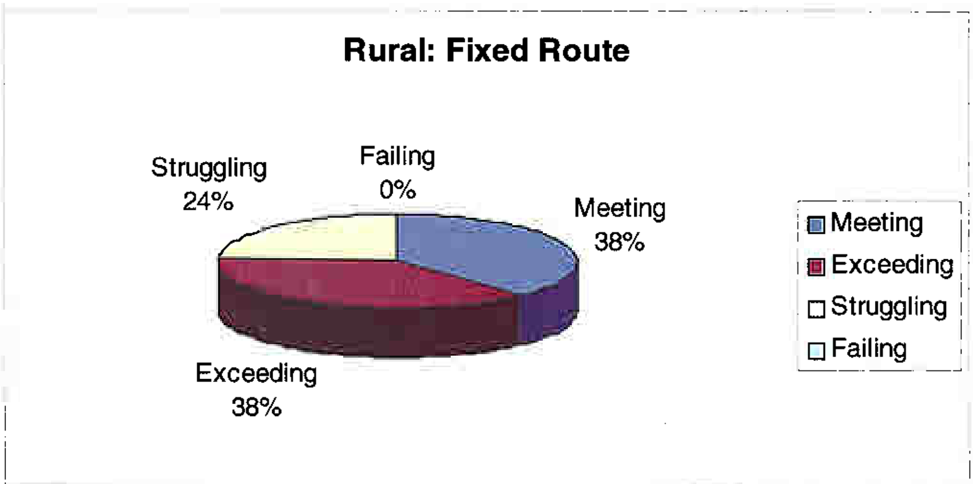
Blended (cont.)

Demand Response:



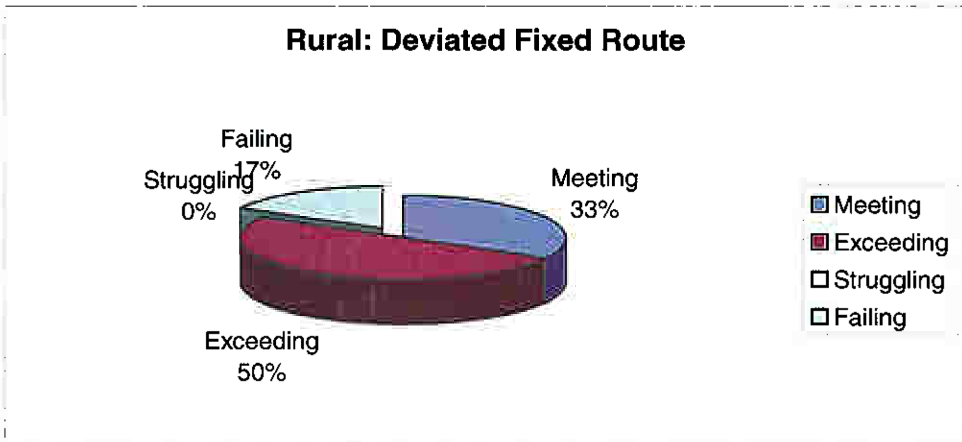
Rural: By comparison to the other service area types rural agencies seem to have the least problems with FBRR. Across all three service types the majority falls within either the exceeding or meeting categories. Fixed route and deviated fix seem to be doing extremely well. With the demand response 42% are either struggling or failing to meet FBRR. Although this is still a minority, it is a large minority.

Fixed Route:

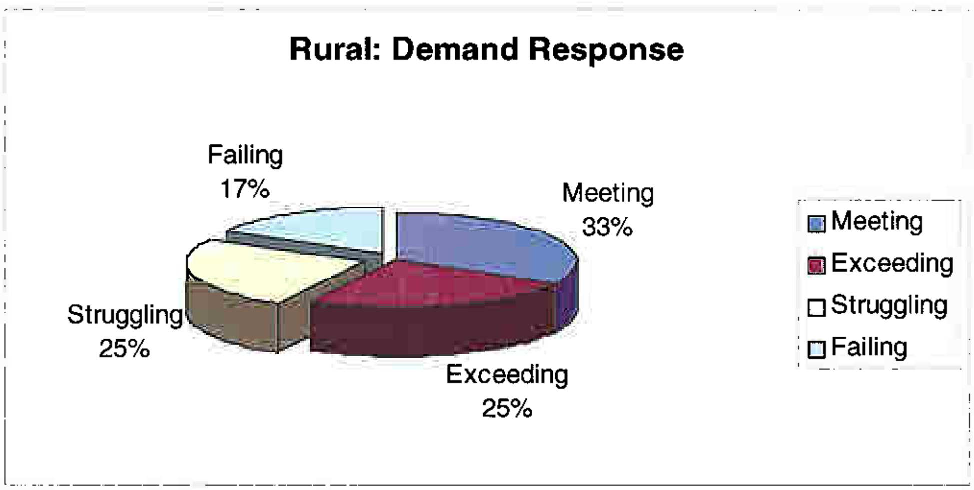


Rural (cont.)

Deviated Fixed:

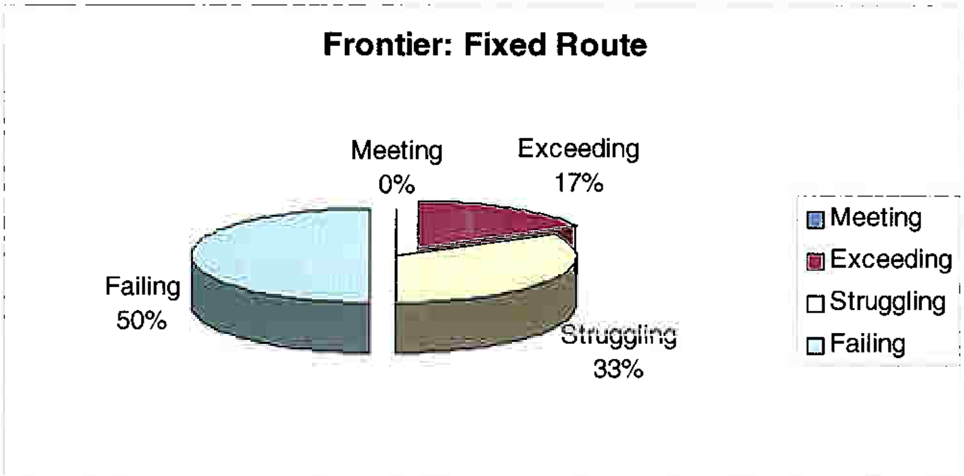


Demand Response:

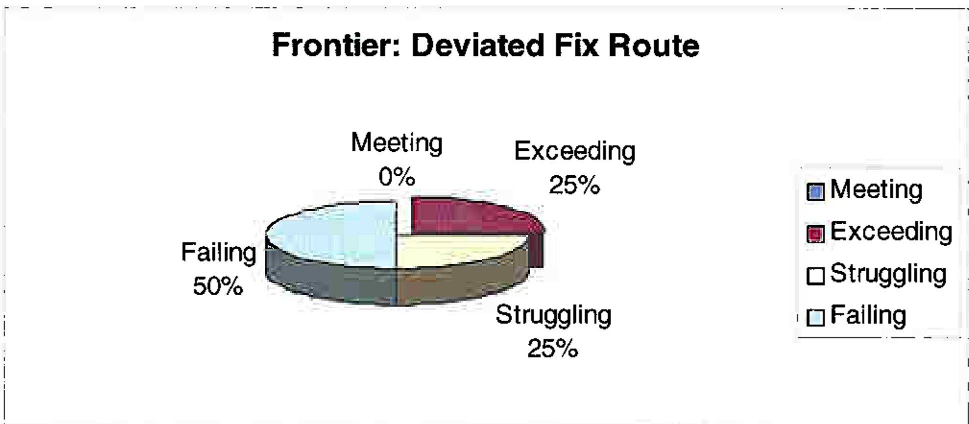


Frontier: We find here nearly the reverse of the rural condition for fixed route and deviated fix route but nearly the same for demand response. With fixed route and deviated fixed route the Frontier areas struggle far more than any other service area and by significant margins.

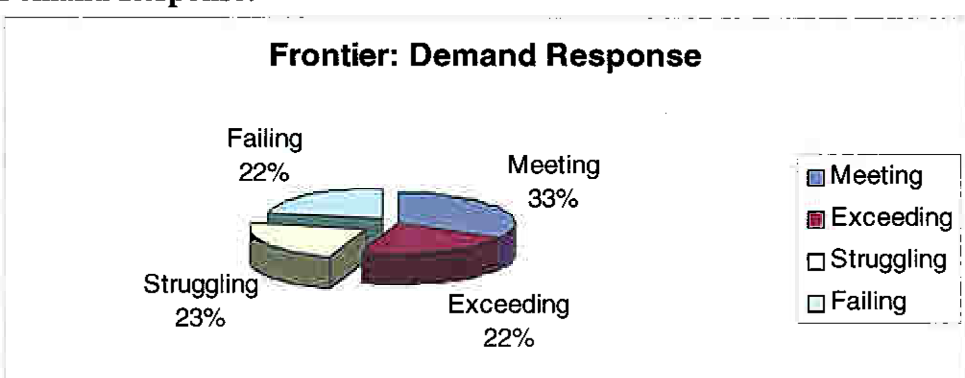
Fixed Route:



Deviated Fixed:



Demand Response:



Question #4
Suggestions to Improve Fare Box Ratio Recovery

This section gave the respondents the opportunity to state if the fare box recovery ratio (FBRR) in the TDA law should be amended. Four choices were given: 1) Simplify statute, 2) Use local support for the FBRR, 3) Flexibility to develop alternate performance measures, or 4) No changes necessary.

The Four Choices Explained

Simplify Statute: The TDA law is not consistent with the way the FBRR is applied throughout the state. Some systems are held to an even higher standard than the 10% or 20%, if their FBRR was higher in the 1978/79 fiscal year. Some agencies are allowed to use local support while others are not. Under Article 8 local jurisdictions can establish their own FBRR while under Article 4 they cannot.

Use of Local Support: Certain entities are allowed to use local support dollars and others are excluded. This suggestion would allow all entities to use of local support dollars as revenue and adding that revenue to the entities' fare revenue when calculating FBRR.

Develop Alternate Performance Measures: Are there better ways of evaluating an entities' serviceability other than FBRR? In remote areas can standards that aptly apply to urban areas be used in those areas with unique circumstances and different challenges? This suggestion would allow local planning agencies to develop their own performance measures to gauge the effectiveness of their service to the community.

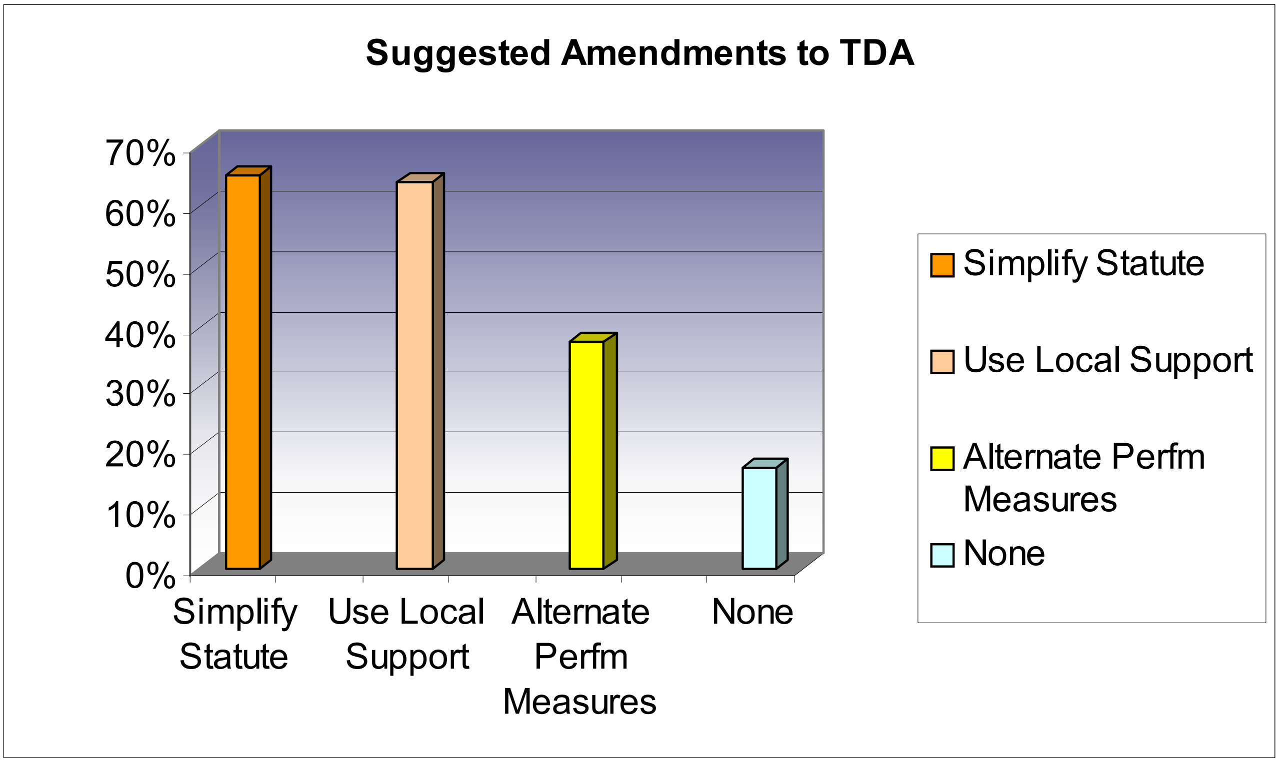
No Changes Necessary: Leave statute the way it is.

This is a breakdown of the responses of the participants and what they would like to see done. Each participant was allowed to choose more than one option.

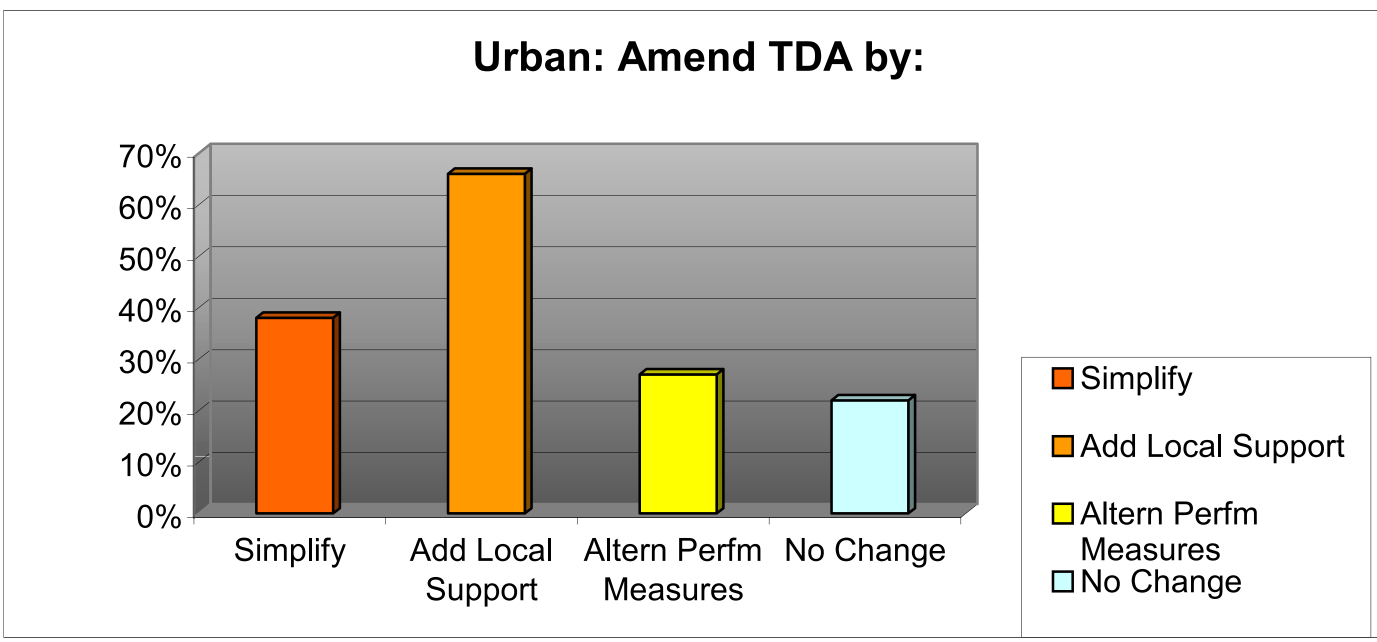
Simplify Statute:	65%
Use Local Support	64%
Alternate Perfm Measures	38%
No Changes Necessary	17%

A large majority wants to either simplify the TDA statute or use local support. The charts on the following pages breaks down the choices by the four different service areas.

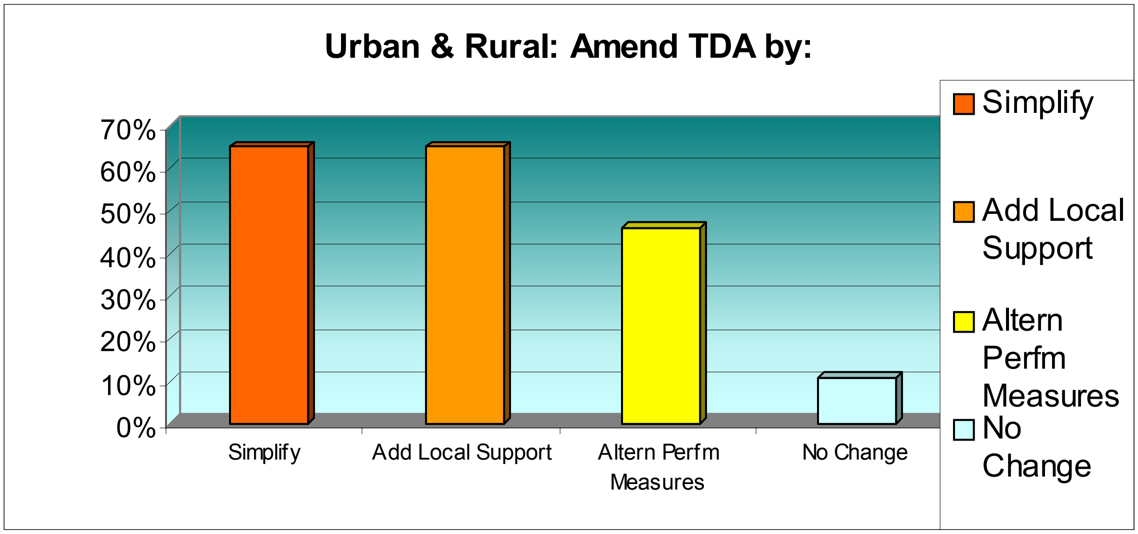
This chart shows the responses of all participants. Two-thirds of all participants want to either simplify statute or be able to use local support.



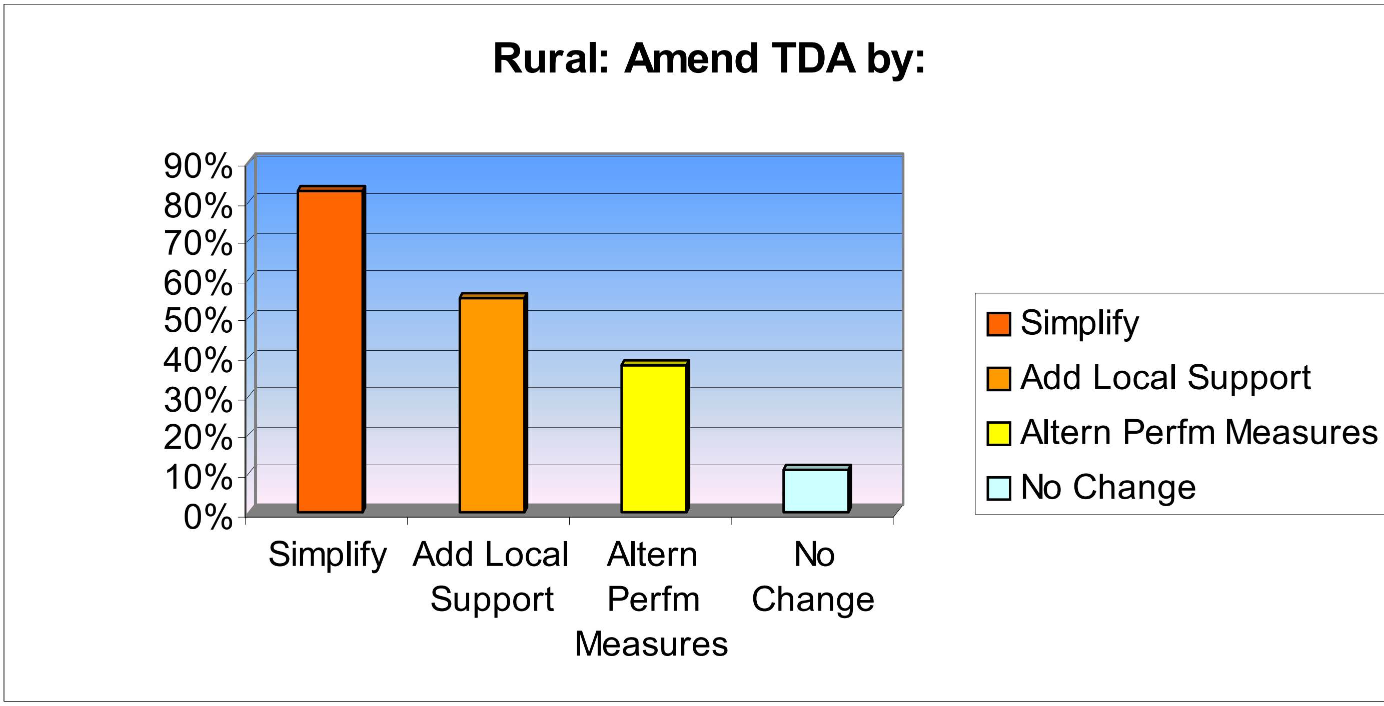
<u>For Urban</u>: Note that most of the urban agencies prefer the use of local support as the most desirable change. A large minority would like the statute simplified. Although the choice for no change is only around 20% it is higher than the other three categories.



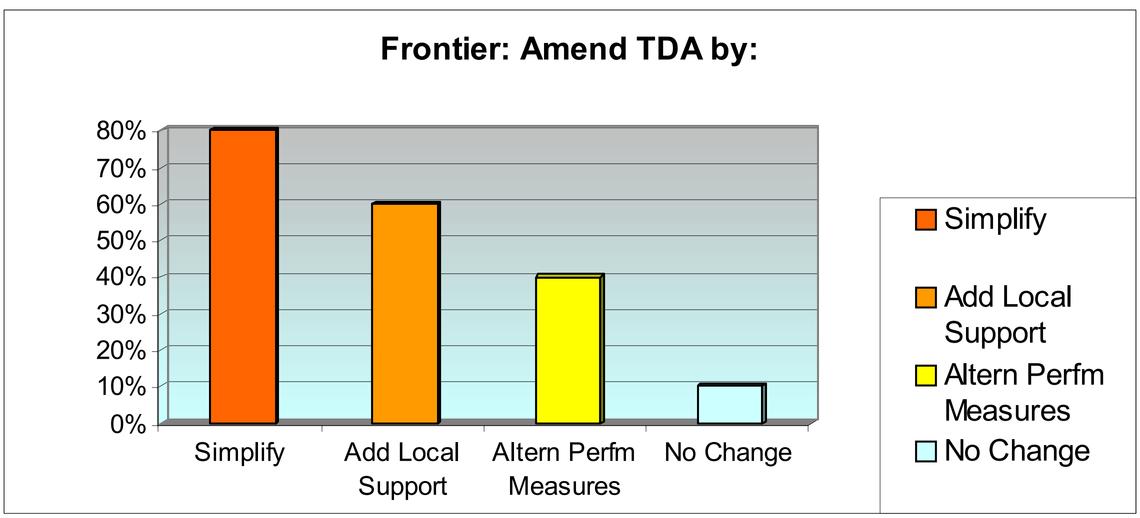
<u>Blended (Urban & Rural)</u>: This category of participants heavily favored the choices of simplifying statute as well as using local support. Alternate performance measures was below 50% but still represented a large minority.



<u>Rural</u>: The overwhelming majority favors simplifying statute and over half would like to see the use of local support for FBRR.



<u>Frontier</u>: High support for simplifying statute as well as using local support. A large minority would favor alternate performance measures as well.



Summary/Analysis
Of the
Farebox Ratio Recovery Survey

According to the survey responses, the most common service provided is demand response with the fixed route a close second. The following matrix shows the percentage of entities that are either failing or struggling to meet FBRR according to the type of service area.

	Urban	Rural	Blended	Frontier
Fixed Route	46%	24%	40%	83%
Demand Response	50%	42%	75%	45%
Deviated Fixed Rt.	50%	50%	60%	75%

It seems that the Frontier counties providing fixed route service have the most difficult time meeting FBRR (83% either failing or struggling). The rural areas providing fixed route seem to have the least amount of difficulties with FBRR. The other two service areas (Urban & Blended) providing either fixed route or demand response have a 40% or greater rate of struggling or failure with FBRR and over 50% with the deviated fixed route.

The following shows the combined average percentage failure/struggling rate for all three types of service for each type of service area:

Urban	Rural	Blended	Frontier
48.7%	38.7%	58.3%	67.7%

From these numbers it is clear that frontier counties are challenged the most in meeting FBRR. Rural counties do the best. This shows that there are distinct differences and challenges between the frontier and rural counties in providing transit services. Urban and blended service areas all have a high incident of failing or struggling with FBRR.

The following figures show what type of services struggle the most with FBRR by averaging their percentages from all types of services areas

Fixed Route	Demand Response	Deviated Fixed Route
48%	53%	59%

Two of the categories (Demand Response & Deviated Fixed Route) are either struggling or failing by over 50%. The fixed route type of service seems the most successful but still has almost half of either struggling or failing to meet FBRR.

Planning and Operating Agencies Speak: Amend FBRR in the TDA Law

This survey shows there is very strong support to amend FBRR in the TDA law. Almost two-thirds of the participants want to simplify statute and/or allow the use of local support to be added to passenger revenue in the FBRR calculations.

Simplify Statute: As an example: entities should not be held to higher standards than others because they achieved that higher standard in the 1978/79 fiscal year.

Use of Local Support: Similar to this is to allow all operators the use of local funds to augment fare revenue and thereby enhance their FBRR. Currently only statutorily created commissions in Southern California and operators that have been empowered to impose taxes can do this (PUC Section 99268.19). Two thirds of the participants think all operators should be able to benefit from this provision.

SECTION 5

In section five of the survey respondents were ask to submit comments or concerns with the TDA or with transit in California. The following is a summation of the comments submitted. After the summation a sampling of the actual comments are provided. The summation falls into four basic categories.

Exempt the following from Operating Expenses:

- Legal expenses
- ADA service (1/4 mi route deviation. Equipment, training)
- Fuel cost
- Diesel retrofit expenses
- Employee Health Insurance
- Vehicle Insurance
- Unfunded Mandates

Add as Fare box Revenue:

- Income from bus/transit advertising
- Package delivery and similar service

Fiscal & Compliance Audits:

- Once every 3 years for claimants claiming under $10,000

RTPA Authority

- Allow RTPAs to establish fare box ratios and performance measures.

Sample Listing of the Respondent's Comments

- Allow up to Item #4 comments: Standardize statewide the 10% rural farebox requirement and not penalize systems that have been around before 1998. Arcata must meet 18.8% while the city of Blue Lake (5 miles away) must hit 10% because they were started 5 years ago. Fuel, labor, insurance and other operating cost are about the same for all of us, yet they are held to a lower standard. I do not see how this. I do not see how having a statewide rural standard could negatively affect anyone.

- Our city has a population of 27,900 spread over 25 square miles - our commercial and multifamily corridor is linear and the only area that we can utilize fixed route. The majority of our residential housing is "out in the hills" on large lots and cannot be served with fixed route - we became an Urban area with the last census and will never be able to reach 20% with our demand response component - which currently operates with 3 vehicles. Unfortunately we are looking at drastically reducing or eliminating service to a large segment of our population simply because we cannot meet the newly imposed fare box requirements.

- You may find that exempting ADA mandated service from the firebox recovery formula would allow the mandated fare box recovery ratio to be raised above 20% urban, 10% rural. At the very least, those agencies that are having difficulty making their fare box ratio may no longer have that problem if the ADA service is exempted. Thanks.

- I would like to see fund distributed on a more equitable basis. Rural transit riders have just as much of a need to go places as urban transit riders and yet services are funded at a lower ratio.

- Review whether or not communities that were once designated Rural are still rural. My guess is that most are now urbanized...with significant increases in population.

- Our area of the valley, the majority of passengers are very low income who relies on the service for both work and shopping. Fuel costs and contract M&O costs far exceed the capability to raise fares to reach a 20% fare box without extreme cuts to service. Fuel cost should be excluded from the fare box recovery ratio.

- Allow income from bus advertising to be counted in the fare box calculations!

- Just a comment about TDA and fare ratios: There is an exception to the TDA required, fixed route fare box recovery ration of 20% for those bus operators that serve BART. Vince Petrities at MTC can provide specific references if you would like to know more.

- Increase the allowable set-a-side for "Article 4.5" to be greater than the current maximum of 5%, should now be at least 10%. Increase "planning funds" from 3% to at least 5%. Increase 1/4 cent set-a-side to a full penny! Enact a separate Roadway Development Act (RDA) to provide guaranteed funds for street and road projects (not the robbed funding from the promised Prop 42).

- Rural RTPAs should be allowed to prioritize a percentage of TDA allocations for regional transportation planning purposes, after Administration and before Bicycle & Pedestrian facilities, as some other RTPAs (as named in TDA) are so allowed. 2) Fiscal audits of local claimants are particularly burdensome, expensive, and a poor use of public funds when the claims are small and the claimants are the same entities year after year. We are proposing that fiscal audits of such local claimants be limited to once every three years and only when claims are at least $10,000 in a single year.

- The impact on rural systems is a barrier to the mobility of those without transportation options. The focus should be on creating mobility for life.

- Insure the "secure" status of the TDA funding, i.e. so that it is NOT subject to being "raided" by any other State agency or the governors' office. 2) Make the TDA a TRANSIT ONLY funding source in the hopes of eliminating the loss of TDA funds for streets and roads funding and all of the political/Unmet Needs/Citizen in-fighting. Transit has no dedicated funding source at the rural level.

- For non-urban operators, making fare box can be a struggle. We are caught between requests (demands) for more service to outlying areas that don't have much population and meeting fare box requirements. It makes the transit manager's job very political.

- A stable funding source is need for all transportation programs: Transit, STIP, SHOPP, Streets/Roads, Peds/Bikes etc. Unfortunately, when the TDA was passed by the legislature deals were made to get votes and this continues to be extremely problematic for rural agencies. Especially under our current funding crisis and lack of Prop 42 funds. Prop 42 needs to be saved, implemented. Prop 42 funds should be treated as a "trust fund". Under no circumstances should Prop 42 funds used by the State General fund.

- The TDA is the foundation for financing the delivery of public transportation to the citizens of California. It is especially critical for delivery of transit services in the rural counties and cities. I whole-heartedly support any and all improvements to the TDA that help transit operators. I am opposed to any major structural change in the Act itself other than allowing the RTPA's to establish fare box ratios and alternative performance measures for accountability.

- Eliminate costs that exceed the CPI, which are beyond the control of the transit agency (fuel, insurance, health benefits, etc.), from being used to determine if STA funds can be used for operating expenses.

- Expand definition of "operating expense" to include cost of advertising. Allow other revenue sources, such as package delivery, advertising revenue, to count toward fare-box. This would encourage an additional revenue stream. At this time there is no real incentive to develop additional revenue sources.

- The fare box recovery ratio does not recognize the social good that transit provides. In addition, the unfunded ADA mandate has imposed expenses completely beyond operators' control, and has limited the ability to collect fares commensurate with this burden. In my opinion, fare box recovery ratio is an inappropriate way to measure cost effectiveness given the wide variations in market for transit services and economic conditions (along with passengers ability to pay) throughout the state. It often comes down to a choice between raising fares beyond what the market will bear, or cutting service. More rational is some measure that establishes a baseline for each system, and holds cost increases to a certain percentage (again excluding extraordinary expenses).

- Fare box recovery ratio and STA eligibility exclusions should include diesel retrofit expenses for compliance with air quality requirements. Need more money for public transportation (full funding for Proposition 42?)

- A cost recovery standard should not apply to transit, which is a social service in our modern society and consumed only by our communities most disadvantaged persons. Why are roads not held to a "performance standard"? The TDA FRR is a bad measure of transit provision and should be abolished, or at least modernized. This isn’t 1974, and our drivers need to eat and provide shelter to themselves and their families WHILE transporting indigents who CANNOT pay 20% of our costs!

- Eliminate costs beyond control of transit system that exceed CPI to be excluded from calculation to determine if STA funds may be used for operating expenses. These costs would include fuel, insurance, health benefits, and unfunded mandates.